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CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

COUNTRY Germany, Soviet Zone

SUBJECT Soviets Withhold German Fertilizers

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DATE DISTR. 8 MAR 54

NO. OF PAGES 1

NO. OF ENCLS.

SUPP. TO
REPORT NO.

25X1

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1. Before the return of the SAG Leuna factory to German hands, which was to take place 1 Jan 54, the Soviets withdrew the entire accumulated stocks of ammonium sulphate and potash, although these goods were the basis of the commercial agreement with Egypt, the Egyptians demanding large quantities of artificial fertilizers. The arrival of the Egyptian delegation in Berlin, widely hailed by the SED press as forecasting a broadened agreement, was really connected with this fertilizer question.
2. Inability to make promised deliveries has also aroused difficulties in other areas where agreements had been reached, Belgium and Holland for example. Thus an exchange arrangement for the delivery of metal foil against ammonium sulphate could not be carried out, since Leuna could not provide the material. The metal foil is desperately needed for packing 30,000 tons of Graptolactan (raw material for the production of perlon).
3. As a result of the Soviet action the loss of four months' production can be counted on.

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